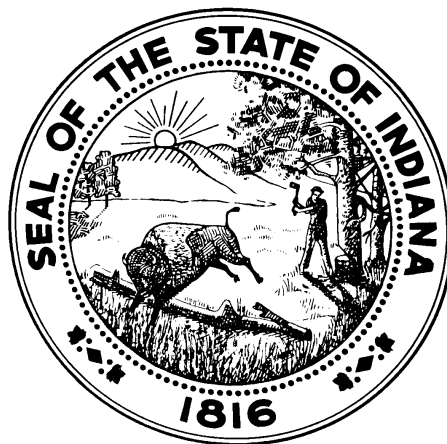


**STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT
OF

CORPORATION TREASURER
CLINTON CENTRAL SCHOOL CORPORATION
CLINTON COUNTY, INDIANA

July 1, 2005 to December 10, 2007



FILED
07/15/2008

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SCHOOL OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Clark Robert Lease	07-01-05 to 12-10-07 01-10-08 to 06-30-08
Superintendent of Schools	Philip Boley	07-01-05 to 06-30-08
President of the School Board	Deborah Rawlings Clint Orr	07-01-05 to 06-30-06 07-01-06 to 06-30-08



STATE OF INDIANA
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TO: THE OFFICIALS OF CLINTON CENTRAL SCHOOL CORPORATION, CLINTON COUNTY

We have reviewed transactions and activities of the School Corporation Treasurer for the period from July 1, 2006 to June 30, 2007, and performed extended procedures to payroll transactions to December 10, 2007, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Examination Results and Comments. The financial transactions of this office are reflected in the Examination Report of Clinton Central School Corporation for the two years ended June 30, 2007.

STATE BOARD OF ACCOUNTS

April 2, 2008

CLINTON CENTRAL SCHOOL CORPORATION
CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS

PAYROLL DISBURSEMENTS - SCHOOL CORPORATION TREASURER OVERTIME

The 2006 Salary Schedule, approved April 3, 2006, retroactive back to January 1, 2006, established the School Corporation Treasurer's salary at \$34,000.00/year. The salary resolution also established the School Corporation Treasurer's position as salaried and not subject to overtime hours unless approved by a department supervisor.

The School Corporation Treasurer, Mary Clark, received overtime payments between April 3, 2006 through November 16, 2007, totaling \$2,594.09. No written documentation was provided to indicate the Treasurer had been given authority for the overtime payments. When questioned, the Treasurer indicated that the overtime had been verbally approved by the Superintendent. We contacted the prior Superintendent about the overtime who indicated that he did not remember authorizing overtime for more than one occasion (work related to prepare for an open house to welcome the new Superintendent) and then only a few hours.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We requested Mary Clark, prior School Corporation Treasurer, reimburse the School Corporation \$2,594.09 for unauthorized overtime compensation. (See Summary, page 8)

OVERPAYMENT OF SUPPLEMENTAL CONTRACT

The School Corporation Treasurer, Mary Clark, was also employed as an assistant cheerleading coach for the school years 2004-2005, 2005-2006, 2006-2007 and 2007-2008. Supplemental contracts signed for the position entitled the Treasurer to compensation totaling \$3,074 for the four year period. The payroll and vendor history disbursement records for the four year period indicate the Treasurer received \$5,907.50 for the position; an overpayment of \$2,833.50.

All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution or salary schedule adopted by the governing body unless otherwise authorized by statute. Compensation should be made in a manner that will facilitate compliance with state and federal reporting requirements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CLINTON CENTRAL SCHOOL CORPORATION
CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

We requested Mary Clark, prior School Corporation Treasurer, reimburse the School Corporation \$2,833.50 for overpayments of cheerleading coach contracts for the four years referred to above. (See Summary, page 8)

UNAUTHORIZED PAYROLL DISBURSEMENTS - RANDALL CLARK

Payroll payments of \$7,381.02 were made to Randall Clark, son of School Corporation Treasurer, Mary Clark, during the calendar year 2006. We determined through inquiry of the School Corporation's administrative staff that Randall Clark was employed as a substitute teacher during 2006. The payroll history for 2006 indicated that Randall Clark was paid 10.5 days for substitute teaching and received combined total substitute teaching wages of \$577.50. Additionally, payroll checks totaling \$6,803.52 were issued to Randall Clark for custodial work performed from April 25, 2006 to October 6, 2006. The School Corporation's administrative staff and the custodial staff did not have any knowledge of Randall Clark performing any custodial services for the School Corporation. Randall Clark's personnel files contained time sheets, purportedly signed by the Supervisor of Custodial Services, supporting the payments made for custodial work. The Supervisor of Custodial Services indicated he had not approved nor signed any of the time sheets in Randall Clark's personnel file.

A review of the cancelled payroll checks, returned from the bank, indicated that all the payroll checks written for custodial services had been deposited directly to the personal checking accounts of Mary Clark, School Corporation Treasurer.

Indiana Code 35-44-2-4 states in part: "(a) A public servant who knowingly or intentionally: (1) hires an employee for the governmental entity that he serves; and (2) fails to assign to the employee any duties, or assigns to the employee any duties not related to the operation of the governmental entity; commits ghost employment, a Class D felony. (b) A public servant who knowingly or intentionally assigns to an employee under his supervision any duties not related to the operation of the governmental entity that he serves commits ghost employment, a Class D felony. (c) A person employed by a governmental entity who, knowing that he has not been assigned any duties to perform for the entity, accepts property from the entity commits ghost employment, a Class D felony. (d) A person employed by a governmental entity who knowingly or intentionally accepts property from the entity for the performance of duties not related to the operation of the entity commits ghost employment, a Class D felony. (e) Any person who accepts property from a governmental entity in violation of this section and any public servant who permits the payment of property in violation of this section are jointly and severally liable to the governmental entity for that property. The attorney general may bring a civil action to recover that property in the county where the governmental entity is located or the person or public servant resides."

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We requested Mary Clark, prior School Corporation Treasurer, reimburse the School Corporation \$6,803.52 for unauthorized payroll payments. (See Summary, page 8)

CLINTON CENTRAL SCHOOL CORPORATION
CLINTON COUNTY
EXAMINATION RESULTS AND COMMENTS
(Continued)

PAYROLL WITHHOLDING - FLEXIBLE SPENDING ACCOUNT

The School Corporation Treasurer, Mary Clark, entered into an "Election Form and Salary Reduction Agreement" on August 25, 2006, to have \$2,000 withheld from her salary for health care flexible spending account expenses. The School Corporation paid \$2,000 to the Program Administrator, Key Benefits Administrators on behalf of Mary Clark. Total health care related expenses reimbursed to Mary Clark from the Program Administrator, Key Benefit Administrators, was \$2,000. A review of Mary Clark's payroll history record indicates she only withheld \$1,000 for the 09-01-06 to 08-31-07 plan year which resulted in Mary Clark receiving \$1,000 in excess of the amount she was entitled to receive.

Funds misappropriated, diverted or unaccounted for through malfeasance, misfeasance, or non-feasance in office of any officer or employee may be the personal obligation of the responsible officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We requested Mary Clark, prior School Corporation Treasurer; reimburse the School Corporation \$1,000 for the unauthorized reimbursement of Health Care Flexible Spending Account Expenses discussed above. (See Summary, page 8)

BOND INFORMATION

The State of Indiana, through Clinton Central School Corporation, held an official bond on Treasurer, Mary Clark in the amount of \$55,000 for the period March 23, 2005, renewed annually until her successor is duly qualified. The bond was underwritten by Fidelity and Deposit Company of Maryland.

EXAMINATION COSTS - SPECIAL INVESTIGATION

The State of Indiana incurred additional costs of \$10,185.05 in connection with the investigation at the Clinton Central School Corporation caused by prior School Corporation Treasurer, Mary Clark.

Audit costs incurred because of theft may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CLINTON CENTRAL SCHOOL CORPORATION
CLINTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 2, 2008, with Philip Boley, Superintendent of Schools; Clint Orr, President on the School Board; and Robert Lease, Treasurer. The officials concurred with our examination findings.

The prior School Corporation Treasurer, Mary Clark, through her attorney, waived the opportunity to attend a separate exit conference.

CLINTON CENTRAL SCHOOL CORPORATION
CLINTON COUNTY
SUMMARY

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
Prior School Corporation Treasurer, Mary Clark:			
Payroll Disbursements - School Corporation			
Treasurer Overtime, page 4	\$ 2,594.09	\$ -	\$ 2,594.09
Overpayment of Supplemental Contract, pages 4 and 5	2,833.50	-	2,833.50
Unauthorized Payroll Disbursements - Randall Clark			
page 5	6,803.52	-	6,803.52
Payroll Withholdings - Flexible Spending Account			
page 6	<u>1,000.00</u>	<u>-</u>	<u>1,000.00</u>
Totals	<u>\$ 13,231.11</u>	<u>\$ -</u>	<u>\$ 13,231.11</u>

AFFIDAVIT

STATE OF INDIANA)
White COUNTY)

We, Mike Doll and Pamela Williams, Field Examiners, being duly sworn on our oaths, state that the foregoing report based on the official records of the Clinton Central School Corporation, Clinton County, Indiana, for the period from July 1, 2005, to June 30, 2007, is true and correct to the best of our knowledge and belief.

Michael Doll

Pamela Williams
Field Examiners

Subscribed and sworn to before me this 1 day of July, 2008.

Patricia Ann Golden
Notary Public

My Commission Expires: 11-14-2015

County of Residence: WHITE